

COMPANY REGISTRATION NUMBER: SC070762
CHARITY REGISTRATION NUMBER: SC004780

**Cornerstone Community Care
Operating as Cornerstone
Company Limited by Guarantee
Financial Statements
31 March 2017**

WILLIAMSON & DUNN
Chartered accountant & statutory auditor
3 West Craibstone Street
Bon Accord Square
Aberdeen
AB11 6YW

Cornerstone Community Care Operating as Cornerstone

Company Limited by Guarantee

Financial Statements

Year ended 31 March 2017

	Pages
Directors' annual report (incorporating the Strategic Report)	1 to 10
Independent auditor's report to the directors and members	11 to 12
Statement of Financial Activities (including Income and Expenditure account)	13
Statement of Financial Position	14
Statement of Cash Flows	15
Notes to the financial statements	16 to 30

Cornerstone Community Care Operating as Cornerstone

Company Limited by Guarantee

Directors' Annual Report

Year ended 31 March 2017

The directors present their report and the financial statements of the charity for the year ended 31 March 2017.

Objectives and activities

Cornerstone is a leading provider of care and support services for adults, children and young people with disabilities and other support needs. The aim of the charity is to enable the people it supports to enjoy a valued life. Every day, Cornerstone supports people to become more independent and to live valued lives in their community.

Cornerstone operates with a person centred approach and identifies and measures outcomes for everyone the charity supports based on four key areas - increased social inclusion, improved health, improved independence and improved wellbeing. Cornerstone achieves this through the provision of a wide range of services focussed on the needs of the people the charity supports including:

- Children and Family Services
- Community Justice Services
- Community Support and Homecare
- Cornerstone Connects Day Opportunities
- Employment and Training Services
- Family Placement Services
- Older People's Services
- Self Directed Support Advisory Services
- Services for People with Dementia
- Services for Young Adult Carers (In Your Corner)
- Short Breaks and Respite Services
- Supported Living and Residential Care Services

Strategic report

The following sections for achievements and performance and financial review form the strategic report of the charity.

Cornerstone Community Care Operating as Cornerstone

Company Limited by Guarantee

Directors' Annual Report (*continued*)

Year ended 31 March 2017

Achievements and performance

During 2016/17 Cornerstone continued to deliver a wide range of services and in March 2017 was providing services for over 2,000 individuals and their families.

Highlights include:

- Opening a number of new services including services in Aberdeenshire, Glasgow and North Lanarkshire;
- Further developing innovative new alternatives to day care services under the banner of Cornerstone Connects;
- Continuing to develop a range of services and community activities operating from the Carman Centre in West Dunbartonshire;
- Providing meaningful daytime activity, employment and training opportunities to adults with a disability;
- Working in partnership with the Fragile-X society and hosting their Family Support Worker in Scotland;
- Operating the Growing Together Children's project with support from Big Lottery Scotland who have recently approved ongoing funding for the project.
- Securing monies from the Scottish Government for current and future funding of projects including monies from: the Short Breaks Fund; the Survivor Scotland Fund and the Voluntary Sector Development Fund.
- Continuing to operate the Big Lottery funded Community Justice "Positive Tracks" project in partnership with the Scottish Prison Service;
- Expanding the range of fundraising events and challenges which provide vital unrestricted income;
- Receiving a significant amount of monetary and in-kind support from a number of individual and corporate supporters for which Cornerstone is extremely grateful;
- Launching in partnership with The Lens, an exciting new programme to encourage and support staff to develop investment proposals for innovative new service models.

Volunteering in Cornerstone

Cornerstone is immensely grateful for the support received from volunteers. During 2016/17, the combined effort of 427 volunteers spent an amazing 12,329 hours making a difference to the lives of people with disabilities across Scotland. This outstanding total was achieved by dedicated volunteers across many vital roles.

From Befriending in the community, to helping the ever-growing variety of Connects clubs, volunteers do some fantastic work. Volunteers also play a key part in many of the organisation's flagship fundraising events, such as the Annual Dinner and Fizz Friday.

Cornerstone is accredited under Investing in Volunteers and has also received Volunteer Friendly awards.

Cornerstone Community Care Operating as Cornerstone

Company Limited by Guarantee

Directors' Annual Report *(continued)*

Year ended 31 March 2017

Achievements and performance *(continued)*

Employee involvement

Cornerstone holds a gold award from Investors in People, the Investors in Young People award and also the gold level of Healthy Working Lives.

Employees are kept well informed about the progress and position of the company by means of regular team meetings, access to a company wide intranet, a staff newsletter and briefings from the Chief Executive.

A wide range of staff were involved in interviews and group discussions during the recent strategic review. Thereafter, all staff were invited to attend a series of presentations as part of the launch of the new strategic plan "Local Cornerstone". In addition, Cornerstone holds regular meetings of the Engagement Forum at which staff are invited to give their views on a range of issues directly to senior management.

In order to increase employee involvement in the governance of Cornerstone the Board are seeking to appoint two employee directors.

Cornerstone recognises UNISON for the purposes of negotiation and consultation.

People with a disability

The company's policy is to give full and fair consideration to applications for employment made by people with a disability, having regard to their particular aptitudes and abilities. Cornerstone subscribes to the "double tick" scheme which means applicants with a disability who meet the essential criteria in the job specification will be guaranteed an interview.

People with a disability receive appropriate training to promote their career development within Cornerstone. Employees who become disabled are retained in their existing posts where possible or retrained for suitable alternative posts.

Financial review

2016/17 saw incoming resources increasing to £37.9m (2015/16 £37m). This growth included winning new contracts across Scotland.

The accounts show a surplus of £578,380 (2015/16 £141,533). The overall surplus position, while continuing to be modest relative to income, reflects the significant effort which has been made to ensure that all services and central functions operate as efficiently and cost effectively as possible. This has enabled Cornerstone to maintain a strong financial position in the face of on-going funding pressures and additional costs.

Cornerstone continues to face the challenges common to the whole care sector. In particular, Health and Social Care Partnerships, who provide the majority of Cornerstone's funds, continue to experience funding pressures which have had an impact on the care providers who provide services on their behalf. However, during the year a Scottish Government funded initiative resulted in additional funding being made available to support the payment of the Scottish Living Wage, as a minimum, to all staff working in adult social care. This was a very welcome initiative which enabled Cornerstone to maintain an ongoing commitment to paying as a minimum the Scottish Living Wage.

The focussed nature of many of the Scottish Living Wage related uplifts meant that the charity continued to experience externally driven cost increases particularly in relation to wider staff costs. Staff costs are the charity's most significant cost therefore these pressures have been further exacerbated by the introduction of the Apprenticeship Levy in April 2017. As a result services continue to experience funding pressures and regular reviews are conducted to analyse service operations and put into place strategies and actions to ensure services remain financially viable to operate. As part of this, Cornerstone is currently implementing new IT systems and processes in order to streamline information flow, and reduce the time spent by front line staff on administration tasks.

Cornerstone Community Care Operating as Cornerstone

Company Limited by Guarantee

Directors' Annual Report *(continued)*

Year ended 31 March 2017

Financial Review *(continued)*

Principal Funding Sources

96.6% of the income is payments received from Health and Social Care Partnerships and others for the provision of social care services of which 6.6% relates to Self-Directed Support. The remaining 3.4% is from other sources including charitable fundraising, rental and trading income.

Investment Policy

The Resources Committee has retained a measured approach to investment; having previously considered the most appropriate policy for investing funds and decided on a Management Fund which best meets the requirement for capital growth and income.

Reserves Policy

The Resources Committee has established a policy to hold unrestricted free reserves at a level which equates to between three to six months of the resources expended. Whilst reserves may not reach this level in the near future, it is considered desirable to work towards this to enable the current activities of the company to continue in the event of a significant reduction in funding.

The reserves held at 31 March 2017 were £4.6 million of which £4.2 million were unrestricted reserves.

Plans for future periods

Fundamentally, Cornerstone exists to enable the people it supports to enjoy a valued life - a life they choose. Without a clear understanding of their needs, desires, aspirations and dreams the charity cannot effectively design and deliver services fit for purpose. Cornerstone continues to develop new models of care and support in response to the changes in public service priorities and most importantly in response to the changing needs of the people it supports. The charity is therefore committed to actively involving the people it supports at every level of operations.

This is a time of significant change in the care sector with self-directed support and health and social care integration both high on the political agenda. While increasing demand for services at a time of significant financial constraints also presents significant challenges.

A full strategic review has been carried out which has culminated in a new strategic plan for 2017-2020 called "Local Cornerstone". This is an ambitious plan which will continue to promote Cornerstone's aim and values while ensuring that the organisation embraces the challenges and opportunities of providing services in a changing environment. A commitment to quality and continuous improvement within a more empowered organisation underpin the plan. These strategic aims will stand Cornerstone in good stead as it continues to work in partnership with the people it supports, their families and Health and Social Care Partnerships throughout these difficult financial times.

It is essential that the charity has the people and expertise needed to face the challenges which lie ahead. Cornerstone is committed to communicating with, supporting and developing everyone who works for the charity and to instilling a stimulating and empowered culture where people feel they can personally make a difference. Inspired by the Buurtzorg model from the Netherlands, Cornerstone is introducing among other things the concept of self organised teams and embracing a culture of coaching and mentoring. This approach of devolved responsibility and local decision making will put the people we support at the centre of all our activities and ensure that we demonstrate the value of social care as a profession.

Fundraising activity will be grouped under one umbrella, The Cornerstone Foundation. Fundraising income will ensure that Cornerstone continues to help the people we support to enjoy a valued life, the life they choose.

Cornerstone Community Care Operating as Cornerstone

Company Limited by Guarantee

Directors' Annual Report (*continued*)

Year ended 31 March 2017

Principal risks and uncertainties

Risk Management

The Directors, along with members of the Leadership Team, have identified the major risks to which Cornerstone is exposed. These are regularly reviewed and systems established to mitigate against those risks.

Funding constraints allied to externally driven cost pressures present the most significant risk. Every effort is made to try to ensure that services operate in a financially viable way. In addition, Cornerstone continues to lobby both individually and collectively with other care providers to put forward the case for a strong social care sector which is properly and sustainably funded to care for vulnerable people in Scotland.

The Social Care (Self Directed Support) (Scotland) Act which came into force in 2014 gives individuals a range of options for how their social care is delivered, empowering them to decide how much control and responsibility they want to have over their own support arrangements. This together with Health and Social Care Integration and the new National Health and Social Care Standards are resulting in significant changes in the social care sector which offers both opportunities and threats for care providers.

However, Cornerstone remains a strong organisation, committed to rising to the challenges presented by these changes and continuing to provide reliable, high quality care and support services to some of the most vulnerable people in the community.

Health and Safety

The charity recognises and accepts its responsibilities as an employer under the Health and Safety at Work Act 1974 and other relevant legislation. Cornerstone seeks to implement the Act and other legislative requirements in all activities under its control. Cornerstone aims to achieve a balanced approach whereby Health and Safety is given the relevant importance in the workplace and a positive culture of Health and Safety is promoted in all business and service areas.

Financial Instruments

Cornerstone's financial instruments comprise borrowings, cash and liquid resources and trade debtors and trade creditors that arise directly from operations. The main purpose of these financial instruments is to raise finance for Cornerstone's activities.

The principal risks arising from Cornerstone's financial instruments are interest rate risk, market risk, inflation rate risk and credit risk. The Board manages each of these risks as summarised below:

Interest rate risk

Cornerstone has financed the purchase of property through long term variable rate borrowing. Cornerstone is exposed to risks in fluctuations in the bank base rate of interest. The Directors are of the opinion that as borrowings are from recognised financial institutions then interest risk is managed to the extent that it is within the Directors' control.

Market risk

Cornerstone's investments are exposed to fluctuations in the stock market. The Directors have taken advice on appropriate investments for Cornerstone taking into account the public interest and are satisfied that the risk is acceptable. These investments are reviewed by the Directors annually.

Cornerstone Community Care Operating as Cornerstone

Company Limited by Guarantee

Directors' Annual Report *(continued)*

Year ended 31 March 2017

Principal risks and uncertainties *(continued)*

Financial Instruments *(continued)*

Credit risk

Cornerstone's borrowings are from the Royal Bank of Scotland plc, a recognised high street lender, the Scottish Investment Fund and Big Issue Invest. The Directors are satisfied that Cornerstone is not exposed to any significant risk from its financing arrangements.

Cornerstone's borrowings were obtained following production of forecasts that indicated it was capable of meeting the debt repayments and the Directors are satisfied that this is still the case. The Directors do not consider that the borrowings are exposed to risk as a result of its own credit position.

Credit risk on short term deposits is managed by placing deposits only with major UK financial institutions which are regulated by the Financial Services Authority.

Cornerstone's operational cash flows are dependent on the finance it receives from the funding bodies and the credit terms offered by its suppliers. As most of Cornerstone's dealings are with Local Authorities, and it is not dependent on donations to meet its obligations, the Directors are satisfied that credit risk is not significant for revenue income.

Structure, governance and management

Governing Document

The organisation is a charitable company limited by guarantee, incorporated on 28th February 1980 and is a Scottish charity, number SC004780. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. In the event of the company being wound up, members are required to contribute an amount not exceeding £1.00.

Organisational Structure

Cornerstone has a Board of Directors who meet six times a year and are responsible for the strategic direction and overall governance of the charity. At 31 March 2017 the Board had 11 members from a variety of professional and other backgrounds relevant to the work of the charity. The Chief Executive and other senior staff attend Board and sub-committee meetings in an advisory capacity.

A scheme of delegation is in place and day to day responsibility for the provision of services rests with the Chief Executive Edel Harris and the Leadership Team. The Chief Executive has overall responsibility for ensuring that Cornerstone delivers the services specified and that key performance indicators are met.

Recruitment and Appointment of Board of Directors

The Directors of the company are also charity trustees for the purposes of charity law. Under the requirements of the Memorandum and Articles of Association, one third of the members of the Board of Directors must retire each year through voluntary retirement or on a rotational basis. Those retiring by rotation can seek re-election at the next Annual General Meeting.

Potential Directors are identified through their association with Cornerstone or by recommendation. Directors currently include relatives of people Cornerstone has supported, health care professionals and individuals with particular relevant skills and experience. In order to increase employee involvement in the governance of Cornerstone the Board are seeking to appoint two employee directors.

Cornerstone Community Care Operating as Cornerstone

Company Limited by Guarantee

Directors' Annual Report *(continued)*

Year ended 31 March 2017

Structure, governance and management *(continued)*

Director Induction and Training

Newly appointed Directors are apprised of their role and responsibilities by the Chair of the Board and the Chief Executive. Most Directors are already familiar with the work of the charity having visited Cornerstone services. Both new and longer serving Directors have regular opportunities to meet with people Cornerstone supports, families and carers and staff and to visit services.

Additionally, new Directors are invited and encouraged to meet with senior staff to familiarise themselves with the charity and the context within which it operates. The Chair of the Board and the Chief Executive play a lead role in this.

Pay Policy for Directors and Senior Staff

All Directors are volunteers and give their time freely and no Director received remuneration in the year. Details of Directors expenses and related party transactions are disclosed in notes 18 and 29 of the accounts.

The pay of senior staff is reviewed annually by the Board of Directors. The Directors consider increases in conjunction with increases awarded to the wider staff group. In addition, the Directors benchmark pay levels against those in other third sector organisations of comparable size and industry.

Related Parties

In so far as it is complementary with the charity's objectives, the charity is guided by local, Scottish and UK national policy of both Government and care regulators.

Cornerstone is a member of several National Organisations who act as representative bodies for the sector. In addition, Cornerstone is also a member of local partnerships in a number of its areas of operation, a number of local Chambers of Commerce and Third Sector Interfaces.

Cornerstone Community Care Operating as Cornerstone

Company Limited by Guarantee

Directors' Annual Report *(continued)*

Year ended 31 March 2017

Reference and administrative details

Registered charity name	Cornerstone Community Care
Charity registration number	SC004780
Company registration number	SC070762
Registered office	39 Huntly Street Aberdeen AB10 1TJ
Principal office	Centurion Court North Esplanade West Aberdeen AB11 5QH

The directors

Peter D. Nicholson	Chair
Malcolm D. Laing	Vice Chair
James C. Douglas	
Steven C F Judge	
Andrew B. Lockhart	
Helen Munro	
Craig A Pollock	
Ian J. Robbie	
Dr Christopher J. Scott	
Elaine M. Thomson	
Judith R. Tocher	(Appointed 17 May 2017)
Karen Tyerman	(Resigned 16 August 2017)

Peter D. Nicholson and Karen Tyerman have both intimated their intention to retire from office. Their fellow Board members would like to extend their thanks to them both for their hard work and commitment to Cornerstone during their time in office. They would particularly like to acknowledge the significant contribution made by Peter over many years latterly in his role as Chair. John Scott and Jim Douglas retire from office by rotation and being eligible both offer themselves for re-election.

Applications for membership require to be approved by the Board of Directors.

Cornerstone Community Care Operating as Cornerstone

Company Limited by Guarantee

Directors' Annual Report *(continued)*

Year ended 31 March 2017

Reference and administrative details *(continued)*

Key Management Personnel

During the year

Chief Executive	Edel B Harris
Deputy Chief Executive	John Grant (until 1 April 2017)
Director of Human Resources & Learning & Development	Mairi L Martin
Director of Finance & Corporate Services	Lynne A Robertson

The Key Management Personnel were supported by five additional members of the Senior Management Team.

As a result of the recent strategic review the Senior Management Team has been restructured and the new Leadership Team now comprises a smaller group of five.

Chief Executive	Edel B Harris
Leader of Quality	Hazel Brown
Leader of the Cornerstone Foundation	Lisa Duthie
Leader of Strategy Implementation	Mairi L Martin
Leader of Cornerstone Central	Lynne A Robertson

Company secretary Lindsay & Kirk

Auditor Williamson & Dunn
Chartered accountant & statutory auditor
3 West Craibstone Street
Bon Accord Square
Aberdeen
AB11 6YW

Solicitor Lindsay & Kirk
39 Huntly Street
Aberdeen
AB10 1TJ

Cornerstone Community Care Operating as Cornerstone

Company Limited by Guarantee

Directors' Annual Report *(continued)*

Year ended 31 March 2017

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity directors to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the incoming resources and application of resources, including the income and expenditure, for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

A resolution to reappoint Williamson & Dunn as auditors will be proposed at the forthcoming Annual General Meeting.

The directors' annual report and the strategic report were approved on 2 October 2017 and signed on behalf of the directors by:

Ian J. Robbie
Director

Cornerstone Community Care Operating as Cornerstone

Company Limited by Guarantee

Independent Auditor's Report to the Members and Directors of Cornerstone Community Care

Year ended 31 March 2017

We have audited the financial statements of Cornerstone Community Care for the year ended 31 March 2017 which comprise the statement of financial activities (including income and expenditure account), statement of financial position, statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charity's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006, and to the charity's directors, as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charity's members and the charity's directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity, its members as a body and its directors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
 - have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).
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Cornerstone Community Care Operating as Cornerstone

Company Limited by Guarantee

Independent Auditor's Report to the Members and Directors of Cornerstone Community Care
(continued)

Year ended 31 March 2017

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the charitable company has not kept proper and adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Kathleen Kirkland MA CA (Senior Statutory Auditor)

For and on behalf of

Williamson & Dunn

Chartered accountant & statutory auditor

3 West Craibstone Street

Bon Accord Square

Aberdeen

AB11 6YW

2 October 2017

Williamson & Dunn is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Cornerstone Community Care Operating as Cornerstone

Company Limited by Guarantee

Statement of Financial Activities (including Income and Expenditure account)

Year ended 31 March 2017

		Unrestricted funds £	2017 Restricted funds £	Total funds £	2016 Total funds £
Income	Note				
Donations and legacies	5	116,590	469,446	586,036	808,476
Charitable activities	6	449,718	36,700,729	37,150,447	36,047,512
Other trading activities	7	117,242	1,820	119,062	127,780
Investment income	8	6,569	–	6,569	10,223
Total income		<u>690,119</u>	<u>37,171,995</u>	<u>37,862,114</u>	<u>36,993,991</u>
Expenditure					
Expenditure on raising funds:					
Costs of raising donations and legacies	9	(49,727)	(200,225)	(249,952)	(255,994)
Costs of other trading activities	10	(66,574)	–	(66,574)	(59,280)
Expenditure on charitable activities	11,12	(220,281)	(36,763,301)	(36,983,582)	(36,528,266)
Total expenditure	13	<u>(336,582)</u>	<u>(36,963,526)</u>	<u>(37,300,108)</u>	<u>(36,843,540)</u>
Net gains/(losses) on investments	14	16,374	–	16,374	(8,918)
Net income		<u>369,911</u>	<u>208,469</u>	<u>578,380</u>	<u>141,533</u>
Transfers between funds		161,117	(161,117)	–	–
Net movement in funds		<u>531,028</u>	<u>47,352</u>	<u>578,380</u>	<u>141,533</u>
Reconciliation of funds					
Total funds brought forward		3,701,277	319,161	4,020,438	3,878,905
Total funds carried forward		<u>4,232,305</u>	<u>366,513</u>	<u>4,598,818</u>	<u>4,020,438</u>

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

The notes on pages 16 to 30 form part of these financial statements.

Cornerstone Community Care Operating as Cornerstone

Company Limited by Guarantee

Statement of Financial Position

31 March 2017

		2017		2016	
		£	£	£	£
Fixed assets					
Tangible fixed assets	19		5,629,929		5,794,010
Investments	20		138,095		118,340
			<u>5,768,024</u>		<u>5,912,350</u>
Current assets					
Debtors	21	5,132,708		4,714,273	
Cash at bank and in hand		<u>2,478,667</u>		<u>1,909,304</u>	
		7,611,375		6,623,577	
Creditors: amounts falling due within one year	22	<u>(6,274,420)</u>		<u>(6,810,903)</u>	
Net current assets/(liabilities)			1,336,955		(187,326)
Total assets less current liabilities			7,104,979		5,725,024
Creditors: amounts falling due after more than one year	23		<u>(2,506,161)</u>		<u>(1,704,586)</u>
Net assets			<u>4,598,818</u>		<u>4,020,438</u>
Funds of the charity					
Restricted funds			366,513		319,161
Unrestricted funds			4,232,305		3,701,277
Total charity funds	25		<u>4,598,818</u>		<u>4,020,438</u>

These financial statements were approved by the directors and authorised for issue on 2 October 2017, and are signed on their behalf by:

Ian J. Robbie
Director

The notes on pages 16 to 30 form part of these financial statements.

Cornerstone Community Care Operating as Cornerstone

Company Limited by Guarantee

Statement of Cash Flows

Year ended 31 March 2017

	2017 £	2016 £
Cash flows from operating activities		
Net income	578,380	141,533
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	252,330	234,098
Net gains/(losses) on investments	(16,374)	8,918
Dividends, interest and rents from investments	(3,381)	(2,613)
Other interest receivable and similar income	(3,188)	(7,610)
Interest payable and similar charges	72,571	54,517
Accrued expenses/(income)	87,187	(107,893)
<i>Changes in:</i>		
Trade and other debtors	(429,311)	(931,970)
Trade and other creditors	(722,581)	(473,533)
Cash generated from operations	<u>(184,367)</u>	<u>(1,084,553)</u>
Interest paid	(72,571)	(54,517)
Interest received	3,188	7,610
Net cash used in operating activities	<u>(253,750)</u>	<u>(1,131,460)</u>
Cash flows from investing activities		
Dividends, interest and rents from investments	3,381	2,613
Purchase of tangible assets	(157,971)	(261,351)
Purchases of other investments	(3,381)	(1,925)
Transfer of fixed assets to revenue	69,722	-
Net cash used in investing activities	<u>(88,249)</u>	<u>(260,663)</u>
Cash flows from financing activities		
Proceeds from borrowings	911,362	(154,216)
Net cash from/(used in) financing activities	<u>911,362</u>	<u>(154,216)</u>
Net increase/(decrease) in cash and cash equivalents	569,363	(1,546,339)
Cash and cash equivalents at beginning of year	1,909,304	3,455,643
Cash and cash equivalents at end of year	<u>2,478,667</u>	<u>1,909,304</u>

The notes on pages 16 to 30 form part of these financial statements.

Cornerstone Community Care Operating as Cornerstone

Company Limited by Guarantee

Notes to the Financial Statements

Year ended 31 March 2017

1. General information

The charity is a private company limited by guarantee, registered in Scotland and a registered charity in Scotland. The address of the registered office is 39 Huntly Street, Aberdeen, AB10 1TJ.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the Companies Act 2006, the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)) and the Charities and Trustee Investment (Scotland) Act 2005 and the Charity Accounts (Scotland) Regulations 2006 (as amended) .

3. Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost convention, except for investments which are included at fair value.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Cornerstone meets the definition of a public benefit entity under FRS 102.

Going concern

The directors, having made due and careful enquiry and preparing forecasts, are of the opinion that the company has adequate working capital to execute its operations over the next 12 months. The directors, therefore, have made an informed judgment, at the time of approving the financial statements, that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As a result, the directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

Judgements and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual value of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors, including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Cornerstone Community Care Operating as Cornerstone

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

3. Accounting policies *(continued)*

Fund accounting

Unrestricted funds are expendable at the discretion of the Board in furtherance of the objects of Cornerstone.

Designated funds are unrestricted funds earmarked by the Board for particular future projects or commitments.

Restricted funds are funds subject to specific trusts, which may be declared by the donor or with their authority (e.g. by the restrictive wording of an appeal). Some are restricted income funds expendable at the discretion of the Board in furtherance of a particular activity, such as local government grants and funds raised for particular activities.

Income

Income is included in the statement of financial activities when entitlement has passed to the charity; it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- Income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- Legacy income is recognised when receipt is probable and entitlement is established.
- Income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.
- Income from contracts for the supply of services is recognised with the delivery of the contracted service. This is classified as unrestricted funds unless there is a contractual requirement for it to be spent on a particular purpose and returned if unspent, in which case it may be regarded as restricted.
- Investment income is included when receivable.

Capital grants

Grants in respect of capital expenditure are credited to a deferred income account and released to income over the potential repayment period.

Cornerstone Community Care Operating as Cornerstone

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

3. Accounting policies *(continued)*

Expenditure and basis of allocation of costs

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.
- All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis as set out in Note 13.

Operating leases

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the SOFA on a straight line basis over the period of the lease.

Tangible assets

Fixed assets are included in the balance sheet at cost less accumulated depreciation. All project equipment and fixtures are written off against the grant received in the year of receipt. Items are capitalised where the purchase price exceeds £2,000.

The charity currently has no tangible assets to which impairment provisions apply.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Property	-	Over 50 years
Property improvements	-	Over 3 to 15 years
Fixtures and fittings	-	Over 3 years
Motor vehicles	-	Over 4 years

Investments

Unlisted equity investments are initially recorded at cost, and subsequently measured at fair value. If fair value cannot be reliably measured, assets are measured at cost less impairment.

Listed investments are measured at fair value with changes in fair value being recognised in income or expenditure.

Cornerstone Community Care Operating as Cornerstone

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

3. Accounting policies *(continued)*

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided.

4. Limited by guarantee

The company is limited by guarantee not exceeding £1 per member. At 31 March 2017 there were 32 members (2016 - 35).

5. Donations and legacies

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £
Grants			
Donations	113,590	53,100	166,690
Donated goods and services	–	69,596	69,596
The Big Lottery Fund - Growing Together	–	131,065	131,065
The Big Lottery Fund - Life Transitions	–	13,707	13,707
The Big Lottery Fund - Positive Tracks	–	–	–
The Big Lottery Fund - Bourtreehill YC	–	–	–
The Big Lottery Fund - Bourtree Babies	–	–	–
European Social Fund	–	–	–
Trusts and other funders	3,000	74,607	77,607
Scottish Government	–	127,371	127,371
	<u>116,590</u>	<u>469,446</u>	<u>586,036</u>

Cornerstone Community Care Operating as Cornerstone

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

5. Donations and legacies *(continued)*

	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £
Grants			
Donations	83,247	43,218	126,465
Donated goods and services	–	47,255	47,255
The Big Lottery Fund - Growing Together	–	123,499	123,499
The Big Lottery Fund - Life Transitions	–	54,828	54,828
The Big Lottery Fund - Positive Tracks	–	68,695	68,695
The Big Lottery Fund - Bourtreehill YC	–	5,888	5,888
The Big Lottery Fund - Bourtree Babies	–	9,976	9,976
European Social Fund	–	54,756	54,756
Trusts and other funders	–	193,691	193,691
Scottish Government	–	123,423	123,423
	<u>83,247</u>	<u>725,229</u>	<u>808,476</u>

6. Charitable activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £
Operations	–	32,336,603	32,336,603
Employment & Training	–	205,590	205,590
Children & Family Services	–	1,624,853	1,624,853
Self Directed Support	–	2,401,685	2,401,685
Community Justice Services	–	3,580	3,580
Rental Income	435,052	–	435,052
Social Firm Activity	14,666	–	14,666
Other income	–	128,418	128,418
	<u>449,718</u>	<u>36,700,729</u>	<u>37,150,447</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £
Operations	–	31,091,214	31,091,214
Employment & Training	–	311,227	311,227
Children & Family Services	–	1,399,342	1,399,342
Self Directed Support	–	2,530,867	2,530,867
Community Justice Services	–	40,197	40,197
Rental Income	398,015	–	398,015
Social Firm Activity	95,262	–	95,262
Other income	21,200	160,188	181,388
	<u>514,477</u>	<u>35,533,035</u>	<u>36,047,512</u>

Cornerstone Community Care Operating as Cornerstone

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

7. Other trading activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £
Fundraising events	<u>117,242</u>	<u>1,820</u>	<u>119,062</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £
Fundraising events	<u>118,903</u>	<u>8,877</u>	<u>127,780</u>

8. Investment income

	Total Unrestricted Funds 2017 £	Total Unrestricted Funds 2016 £
Investment income	3,381	2,613
Bank interest receivable	3,188	7,610
	<u>6,569</u>	<u>10,223</u>

9. Costs of raising donations and legacies

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £
Cost of voluntary income	<u>49,727</u>	<u>200,225</u>	<u>249,952</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £
Cost of voluntary income	<u>26,078</u>	<u>229,916</u>	<u>255,994</u>

10. Costs of other trading activities

	Total Unrestricted Funds 2017 £	Total Unrestricted Funds 2016 £
Fundraising events - event costs	<u>66,574</u>	<u>59,280</u>

Cornerstone Community Care Operating as Cornerstone

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

11. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £
Care and support services	220,281	33,215,184	33,435,465
Support costs	–	3,548,117	3,548,117
	<u>220,281</u>	<u>36,763,301</u>	<u>36,983,582</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £
Care and support services	336,679	33,021,956	33,358,635
Support costs	–	3,169,631	3,169,631
	<u>336,679</u>	<u>36,191,587</u>	<u>36,528,266</u>

12. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Support costs £	Total funds 2017 £	Total fund 2016 £
Care and support services	33,435,465	3,514,697	36,950,162	36,498,639
Governance costs	–	33,420	33,420	29,627
	<u>33,435,465</u>	<u>3,548,117</u>	<u>36,983,582</u>	<u>36,528,266</u>

Cornerstone Community Care Operating as Cornerstone

Company Limited by Guarantee

Notes to the Financial Statements (*continued*)

Year ended 31 March 2017

13. Analysis of total costs

	Voluntary Income £	Fundraising Events £	Charitable Activities £	Support Services £	Governance £	Total 2017 £	Total 2016 £
Staff costs	179,517	36,471	29,184,444	1,860,580	–	31,261,012	30,815,928
Premises	37,401	7,599	1,180,163	217,624	–	1,442,787	1,655,795
Provisions	–	–	214,929	20,087	–	235,016	288,782
Fundraising purchases	–	–	71,302	–	–	71,302	73,767
Events costs	–	15,792	–	–	–	15,792	19,251
Audit and accounts fee	–	–	–	–	28,400	28,400	25,320
Annual reports and AGM	–	–	–	–	2,175	2,175	2,153
Donated goods and services	–	–	69,596	–	–	69,596	47,255
Sundry costs	33,034	6,712	2,715,031	1,416,406	2,845	4,174,028	3,915,289
	<u>249,952</u>	<u>66,574</u>	<u>33,435,465</u>	<u>3,514,697</u>	<u>33,420</u>	<u>37,300,108</u>	<u>36,843,540</u>

Cornerstone Community Care Operating as Cornerstone

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

14. Net gains/(losses) on investments

	Total Unrestricted Funds 2017	Total Unrestricted Funds 2016
	£	£
Gains/(losses) on listed investments	16,374	(8,918)

15. Net income

Net income is stated after charging/(crediting):

	2017	2016
	£	£
Depreciation of tangible fixed assets	252,330	234,098
Land and buildings lease costs	490,042	506,500
Plant and machinery lease costs	28,209	27,335
Interest and similar charges payable	72,571	54,517
Indemnity insurance	14,467	7,180

16. Auditors remuneration

	2017	2016
	£	£
Fees payable for the audit of the financial statements	20,400	17,820
Fees payable to the charity's auditor for other services: Accountancy services	8,000	7,500

17. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2017	2016
	£	£
Wages and salaries	28,574,867	28,248,364
Social security costs	1,993,775	2,000,973
Employer contributions to pension plans	589,389	545,929
	<u>31,158,031</u>	<u>30,795,266</u>

In addition to staff costs noted above, there were redundancy costs of £102,981 (2016 - £20,662).

Cornerstone Community Care Operating as Cornerstone

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

17. Staff costs *(continued)*

The average head count of employees during the year was 1,916 (2016: 1,880). The average number of full-time equivalent employees during the year is analysed as follows:

	2017	2016
	No.	No.
Support staff	1,466	1,465
Training and SVQ staff	11	11
Office and administration staff	73	69
Social firm staff	9	10
Relief staff	357	325
	<u>1,916</u>	<u>1,880</u>

The number of employees whose remuneration for the year fell within the following bands were:

	2017	2016
	No.	No.
£60,000 to £69,999	3	1
£70,000 to £79,999	2	2
£100,000 to £109,999	1	1
	<u>6</u>	<u>4</u>

Key Management Personnel

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the charity. The total compensation paid to key management personnel for services provided to the charity was £374,152 (2016:£370,462).

18. Trustee remuneration and expenses

During the year none of the directors received any remuneration (2016 - Nil).

Travel and subsistence costs of £1,855 (2016 - £1,330) in total were reimbursed to 5 (2016 - 4) directors.

Cornerstone Community Care Operating as Cornerstone

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

19. Tangible fixed assets

	Property £	Property improvements £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 April 2016	5,970,047	318,764	551,910	55,085	6,895,806
Additions	–	101,313	30,158	26,500	157,971
Disposals	–	(130,421)	(90,289)	(36,750)	(257,460)
Transfer prior year additions to revenue	–	–	(69,722)	–	(69,722)
At 31 March 2017	<u>5,970,047</u>	<u>289,656</u>	<u>422,057</u>	<u>44,835</u>	<u>6,726,595</u>
Depreciation					
At 1 April 2016	436,384	252,010	359,844	53,558	1,101,796
Charge for the year	111,922	45,736	85,968	8,704	252,330
Disposals	–	(130,421)	(90,289)	(36,750)	(257,460)
At 31 March 2017	<u>548,306</u>	<u>167,325</u>	<u>355,523</u>	<u>25,512</u>	<u>1,096,666</u>
Carrying amount					
At 31 March 2017	<u>5,421,741</u>	<u>122,331</u>	<u>66,534</u>	<u>19,323</u>	<u>5,629,929</u>
At 31 March 2016	<u>5,533,663</u>	<u>66,754</u>	<u>192,066</u>	<u>1,527</u>	<u>5,794,010</u>

Capital commitments

	2017 £	2016 £
Contracted for but not provided for in the financial statements	<u>39,840</u>	<u>104,720</u>

20. Investments

	Listed investments £
Cost or valuation	
At 1 April 2016	118,340
Additions	3,381
Fair value movements	16,374
At 31 March 2017	<u>138,095</u>
Impairment	
At 1 April 2016 and 31 March 2017	
Carrying amount	
At 31 March 2017	<u>138,095</u>
At 31 March 2016	<u>118,340</u>

All investments shown above are held at valuation.

Cornerstone Community Care Operating as Cornerstone

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

20. Investments *(continued)*

Financial assets held at fair value

The fixed asset investments have been recorded in the accounts at fair value. Details of the fair value were obtained from the Brewin Dolphin portfolio valuation as at 5 April 2017.

The historical cost of listed investments is £89,844 (2016 - £86,464).

The company holds one £1 ordinary share (100% of the issued share capital) in Corners Turned Limited, a company registered in Scotland. This company is now dormant.

21. Debtors

	2017	2016
	£	£
Prepayments and accrued income	135,074	145,950
VAT	–	1,787
Other debtors	4,997,634	4,566,536
	<u>5,132,708</u>	<u>4,714,273</u>

22. Creditors: amounts falling due within one year

	2017	2016
	£	£
Bank and other loans	219,447	157,704
Accruals and deferred income	1,089,400	993,089
Social security and other taxes	457,010	477,010
Property grants	28,046	28,048
Other creditors	4,480,517	5,117,509
The Big Lottery Fund – Positive Tracks	–	29,622
The Big Lottery Fund – Growing Together	–	7,921
	<u>6,274,420</u>	<u>6,810,903</u>

23. Creditors: amounts falling due after more than one year

	2017	2016
	£	£
Bank and other loans	1,754,534	904,915
Accruals and deferred income	40,000	60,000
Property grants	711,627	739,671
	<u>2,506,161</u>	<u>1,704,586</u>

24. Pensions and other post retirement benefits

Defined contribution plans

The amount recognised in income or expenditure as an expense in relation to defined contribution plans was £589,389 (2016: £545,929).

Cornerstone Community Care Operating as Cornerstone

Company Limited by Guarantee

Notes to the Financial Statements (*continued*)

Year ended 31 March 2017

25. Analysis of charitable funds

Unrestricted funds

	At 1 Apr 2016 £	Income £	Expenditure £	Transfers £	Gains and losses £	At 31 Mar 2017 £
General funds	434,630	690,119	(336,582)	71,489	16,374	876,030
Designated capital fund	3,266,647	–	–	89,628	–	3,356,275
	<u>3,701,277</u>	<u>690,119</u>	<u>(336,582)</u>	<u>161,117</u>	<u>16,374</u>	<u>4,232,305</u>

Restricted funds

	At 1 Apr 2016 £	Income £	Expenditure £	Transfers £	Gains and losses £	At 31 Mar 2017 £
Operations and other services	–	36,700,729	(36,763,301)	62,572	–	–
General fund	249,465	471,266	(200,225)	(216,823)	–	303,683
Jigsaw (Helensburgh) fund	69,696	–	–	(6,866)	–	62,830
	<u>319,161</u>	<u>37,171,995</u>	<u>(36,963,526)</u>	<u>(161,117)</u>	<u>–</u>	<u>366,513</u>

Purpose of restricted funds

Operations - Funds used to support individuals to live a valued life in their own homes.

General - Represents fundraising monies designated for particular purposes.

Jigsaw (Helensburgh) Fund - Funds transferred from Jigsaw (Helensburgh) to be used for the provision of children's services.

26. Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £
Tangible fixed assets	5,629,929	–	5,629,929
Investments	138,095	–	138,095
Current assets	1,263,495	6,347,880	7,611,375
Creditors less than 1 year	(293,053)	(5,981,367)	(6,274,420)
Creditors greater than 1 year	(2,506,161)	–	(2,506,161)
Net assets	<u>4,232,305</u>	<u>366,513</u>	<u>4,598,818</u>

Cornerstone Community Care Operating as Cornerstone

Company Limited by Guarantee

Notes to the Financial Statements (*continued*)

Year ended 31 March 2017

27. Financial instruments

The charity's financial instruments comprise borrowings, cash and liquid resources and trade debtors and trade creditors that arise directly from operations. The main purpose of these financial instruments is to raise finance for the charity's activities. The associated risks are detailed in the Directors report and the loan details are shown below.

The carrying amount for each category of financial instrument is as follows:

	2017 £	2016 £
Loan commitments measured at cost less impairment		
Due in one year or less or on demand	219,447	157,704
Due in more than one year but not more than two years	337,439	165,004
Due in more than two years but not more than five years	751,127	533,473
Due in more than five years	665,968	206,438
	<u>1,973,981</u>	<u>1,062,619</u>

During 2008 a loan of £300,000 was advanced by the Royal Bank of Scotland towards the building of a new house at Maud. The loan is secured by a Standard Security over the property at Maud. The loan is repayable over 300 monthly payments, commencing one month after the loan was drawn. The term loan bears interest at 1.95% above the Bank's Base Rate. The amount outstanding at 31 March 2017 was £198,000.

During 2010 a loan of £400,000 was advanced by the Scottish Investment Fund towards the building of a new house at Dunfermline. The loan is secured by a Standard Security over the property at Dunfermline. The loan is repayable over 120 monthly payments, commencing one month after the loan was drawn. The loan bears interest at 5%. The amount outstanding at 31 March 2017 was £170,240.

During 2010 a risk capital loan of £300,000 was advanced by the Scottish Investment Fund on deferred terms. The loan is repayable over 60 months and bears interest at 6%. Repayments commenced in June 2015 and the amount outstanding at 31 March 2017 was £200,290.

During 2012 a loan of £320,000 was advanced by the Royal Bank of Scotland towards the purchase of properties at New Deer. The loan is secured by a Standard Security over the properties at New Deer. The loan is repayable over 59 equal monthly payments commencing one month after the loan was drawn and a final instalment sufficient to repay the outstanding balance in full. The loan bears interest at 2.25% above the Bank's Base Rate. The amount outstanding at 31 March 2017 was £189,238.

During 2014 a loan of £200,000 was advanced by the Royal Bank of Scotland towards the building of a property at Portlethen. The loan is secured by a Standard Security over the property at Portlethen. The loan is repayable over 59 equal monthly payments commencing one month after the loan was drawn and a final instalment sufficient to repay the outstanding balance in full. The loan bears interest at 4.99%. The amount outstanding at 31 March 2017 was £146,888.

During 2016 a loan of £600,000 was advanced by the Royal Bank of Scotland towards the building of a new house at Dumbarton. The loan is secured by a Standard Security over the property at Dumbarton. The loan is repayable over 120 monthly payments, commencing one month after the loan was drawn. The loan bears interest at 2.62%. The amount outstanding at 31 March 2017 was £569,325

Cornerstone Community Care Operating as Cornerstone

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

27. Financial instruments *(continued)*

During 2017 a loan of £500,000 was advanced by the Big Issue Social Enterprise Investment Fund. The loan is secured by a floating charge. The loan is repayable over 60 monthly payments, commencing two years after the loan was drawn. The loan bears interest at 8.00%. The amount outstanding at 31 March 2017 was £500,000.

The Royal Bank of Scotland also has a bond & floating charge over all other monies and undertakings.

The Scottish Investment Fund loans are also secured by a bond & floating charge, ranking behind the Royal Bank of Scotland.

28. Operating lease commitments

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2017	2016
	£	£
Not later than 1 year	331,773	373,585
Later than 1 year and not later than 5 years	644,875	867,841
Later than 5 years	209,803	264,373
	<u>1,186,451</u>	<u>1,505,799</u>

29. Related parties

During the year, the company received services amounting to £10,973 (2016 - £32,174) from Ledingham Chalmers LLP. Malcolm Laing is a director of Cornerstone and a consultant and former partner in Ledingham Chalmers LLP. They also received services for £104,438 (2016 - £24,634) from Space Solutions Limited. Steven Judge is a director of Cornerstone and Space Solutions Limited.